Cyber Security: A New Dangerous Threat

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Committee on Payments and Market Infrastructures

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*Any views expressed in this presentation are those of the presenter and not necessarily those of the BIS
Sophisticated

Cyber attacks are often difficult to identify or fully eradicate and the breadth of damage difficult to determine.

Everywhere

Cyber attacks could come through a broad range of entry points, such as participants, linked FMIs, and service providers.

Disruptive

Cyber attacks can cause significant service disruptions to the broader financial system, which may lead to a systemic risk.

Stealthy

Cyber attacks can be stealthy and spread rapidly to cause disruptions and/or infiltrate an FMI’s network of systems.

Cyber risks are unique.
Broad strategy needed to address cyber resiliency

- Protect the core
- Secure the periphery
Broad strategy needed to address cyber resiliency

- Protect the core
- Secure the periphery
CPMI-IOSCO Working Group on Cyber Resilience – September 2014

“Working on the issue of cyber threats against FMIs.”

<table>
<thead>
<tr>
<th>Mandate of the working group</th>
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<tbody>
<tr>
<td><strong>Assessing implications of cyber attacks</strong></td>
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<tr>
<td>Assess the financial stability implications of cyber-attacks on FMIs, including the identification of any global level issues and challenges that cyber-attacks pose.</td>
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A significant accomplishment – 1st cyber guidance published by a financial sector international SSB.
Guidance on cyber resilience for FMIs – June 2016

5 primary risk management categories

3 overarching components
## WGCR activities

<table>
<thead>
<tr>
<th>Monitoring</th>
<th>Catalyst</th>
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<tbody>
<tr>
<td>• Sharing among WGCR members of thematic post-guidance developments and challenges.</td>
<td>• Convening the industry and authorities better understand specific cyber resilience challenges. (i) June IMSG/WGCR operational resilience workshop (ii) September WGCR CEO Roundtable on cyber resilience</td>
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<tr>
<td>• Survey of authorities to gain a broad understanding of where FMIs are in their cyber resilience maturity vis-à-vis the cyber guidance.</td>
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Education

Online tutorials on the FSI Connect

**FSI Connect** – The e-learning platform for central banks and supervisory authorities worldwide by Financial Stability Institute

“Preventing, detecting and responding to attempted fraud in wholesale payments.”

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<th>Mandate of the taskforce</th>
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<tr>
<td><strong>Taking stock</strong></td>
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<td>Take stock of the current expectations and requirements relating to IT security at all stages of a wholesale payment message, including any associated mechanisms to confirm adherence to those expectations and requirements.</td>
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Reducing the risk of wholesale payments fraud related to endpoint security – May 2018

1. Identify and understand the range of risks
2. Establish endpoint security requirements
3. Promote adherence
4. Provide and use information and tools to improve prevention and detection
5. Respond in a timely way to potential fraud
6. Support ongoing education, awareness and information-sharing
7. Learn, evolve and coordinate

Committee on Payments and Market Infrastructures

Restricted
## Task force activities

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<tr>
<th>Monitoring template</th>
<th>Outreach</th>
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<tr>
<td>• Sharing monitoring template that members would use for monitoring and reporting progress in their jurisdictions.</td>
<td>• Promote the adoption of the strategy to non-CPMI central banks and other relevant stakeholders.</td>
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<tr>
<td>• To be shared with non-CPMI central banks as part of outreach efforts.</td>
<td>• Plan to organize a workshop</td>
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<td>i. For central banks – to improve clarity on the responses and identify potential approaches and areas for coordination.</td>
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<td>ii. For industry – to encourage and support broader progress</td>
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Online tutorials on the FSI connect

Wholesale payments fraud
Where do we stand – What are the challenges

Digitalisation → Cyber → Decentralisation

Crypto → CCP → Disruption

Central Counterparty: Acts on behalf of both parties in a transaction, so that the buyer and seller
Thank you

More information at http://www.bis.org/cpmi/